

# **FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA) APPEAL DECISION**

*FEMA Flood Insurance Appeal Decision #B5*

## **OVERVIEW**

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The policyholders filed an appeal in October 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied their claim under the Standard Flood Insurance Policy (SFIP)<sup>1</sup> for damages to covered property arising from a flood event dated September 2020.<sup>2</sup>

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholders had \$250,000 in building coverage and \$100,000 in personal property coverage.
- The policyholders filed a claim with the insurer for damage to their garage, a second building located behind the main dwelling. The insurer assigned an adjuster to inspect the property.
- In September 2020, the adjuster inspected the property and confirmed a general and temporary condition of flood existed. The adjuster recorded water lines of four inches on the exterior of the second building and four inches on the interior of the second building.
- The adjuster documented water damage was limited to the second building. It is used as a storage workshop, complete with a carport and a finished bathroom.
- The adjuster recommended a denial of coverage stating they did not believe the second building qualified as a detached garage, and that for coverage to apply the second building would need to have its own separate policy.
- In a letter dated October 2020, the insurer denied coverage for the second building, stating that it does not qualify as a detached garage and citing the SFIP provision that only one building may be insured under the policy.
- The policyholders contest the denial, stating the second building should be eligible for coverage as a detached garage. They include photographs showing various automobiles parked inside the garage in the past.

## **RULES**

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The SFIP provides coverage for a detached garage at the described location. Coverage is limited to no more than 10% of the limit of liability on the dwelling. Use of this insurance is optional and reduces the

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<sup>1</sup> See 44 C.F.R. § 61.13 (2019); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

<sup>2</sup> The policyholders file this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholders’ claim. The policyholders’ appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

building limit of the liability. The SFIP does not cover a detached garage used for residential, business, or farming purposes.<sup>3</sup>

## ANALYSIS

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The policyholders contest the denial of coverage for their second building on their property.

The SFIP provides coverage for a detached garage at the described location. Coverage is limited to no more than 10% of the limit of liability on the dwelling. The SFIP does not cover a detached garage used for residential, business, or farming purposes.

Here, FEMA's review of the claim file notes the insurer denied coverage based on the adjuster's recommendation that the second building did not qualify as a detached garage. FEMA's review finds there is no evidence that the second building is used for residential, business, or farming purposes. A bathroom alone, does not make the building used for residential use. FEMA's review found no evidence of sleeping arrangements.

The SFIP covers one detached garage at the described location. The garage must meet the definition of a building and have a garage door or opening large enough to accommodate an entire automobile within the building.<sup>4</sup> Based on the width of the opening (six feet), FEMA's review finds that smaller automobiles, are narrow enough to fit through the French door opening of the garage. Because the French door opening is large enough to fit some automobiles, FEMA overturns the insurer's decision and directs the insurer to work with the policyholders in resolving the claim. The policyholders should submit any additional documents, relevant to the claim, to the insurer for review and consideration. Any adjustment of the claim remains under the direction of the insurer in accordance with all terms and conditions of the SFIP.

## CONCLUSION

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Based on the facts and analysis above, FEMA overturns the insurer's decision to deny coverage to the second building. It qualifies as a detached garage, which is insured under the SFIP.

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<sup>3</sup> See SFIP (III)(A)(3).

<sup>4</sup> See National Flood Insurance Program Claims Manual (May 1, 2020).